

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  BLACK HILLS/IOWA GAS UTILITY COMPANY, LLC, d/b/a BLACK HILLS ENERGY	DOCKET NO. EEP-2018-0004
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**FINAL ORDER**

(Issued March 26, 2019)

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#### **I. PROCEDURAL HISTORY**

On December 17, 2013, in Docket No. EEP-2013-0001, the Utilities Board (Board) issued an “Order Approving Settlement,” approving Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy’s (BHE), 2014-2018 energy efficiency plan and directing BHE to file its 2019-2023 Plan on or before April 1, 2018. *In re: Black Hills/Iowa Gas Utility, LLC, d/b/a Black Hills Energy*, Docket No. EEP-2013-0001, “Order Approving Settlement,” p. 18 (Dec. 17, 2013). On April 2, 2018, BHE filed its application for approval of its five-year 2019-2023 energy efficiency plan in Docket No. EEP-2018-0001.

On May 4, 2018, the Governor signed Senate File 2311, which amended the energy efficiency provisions in Iowa Code chapter 476 applicable to rate-regulated utilities. 2018 Iowa Acts ch. 1135. Several of the amendments, being deemed of immediate importance, became effective upon enactment. *Id.* at ch. 1135, § 20. The

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legislation altered the energy efficiency analytical framework under which BHE had filed its April 2, 2018 plan. The legislation further includes the option for customers to exempt themselves from participation in an energy efficiency plan if the cumulative rate-payer impact test is less than 1.0. *Id.* at § 476.6(15)(a)(1)(b).

On May 24, 2018, BHE filed a “Motion to Withdraw Filing,” stating it intended to revise its energy efficiency plan in light of the statutory changes and to file a new plan consistent with the revised law. On May 25, 2018, the Board granted BHE’s request and ordered BHE to file a new proposed customer notice with the Board on or before June 6, 2018, and file its new application for approval of a five-year energy efficiency plan/demand response plan in a new docket on or before July 9, 2018.

On July 9, 2018, BHE filed its “Application for Approval of Black Hills Energy’s Five-Year Energy Efficiency Plan” (Plan), which included programs for the residential, nonresidential, low-income, and education sectors, in Docket No. EEP-2018-0004. (Application ¶ 7, pp. 2-4; Application, Revised Exhibit 1, p. vi-vii).

On August 8, 2018, the Board entered an order docketing BHE’s application, requesting additional information, and setting a procedural schedule, which included a deadline for intervention and set hearing for January 15, 2019. Other than the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, no other person or entity intervened in this proceeding. On August 28, 2018, BHE filed a response to the Board’s request for additional information and filed a number of revised Plan exhibits.

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On December 18, 2018, BHE and OCA (collectively the Parties) filed a “Joint Statement of the Issues,” identifying 13 primary issues, several with sub-issues or subparts. For each primary and sub-issue, the Parties identified the witness or witnesses providing testimony on the issue.

On January 8, 2019, the Parties filed a “Joint Motion for Approval of Unanimous Stipulation and Agreement” and a “Stipulation and Agreement.” The Parties asserted they had reached unanimous agreement on all issues and sub-issues included in the Joint Statement of the Issues and requested the Board issue an order canceling the January 15, 2019 hearing and allowing the record to remain open in order for the Parties to file an exhibit evidencing the cost-effectiveness of the Plan under the terms of the Stipulation and Agreement. The Parties further requested the Board issue an order approving the terms of the Stipulation and Agreement.

On January 10, 2019, the Board issued an Order Regarding Settlement and Hearing, which canceled the January 15, 2019 hearing, and requested additional information from the Parties concerning the Stipulation and Agreement to assist the Board in determining whether the Plan as amended by the settlement is cost-effective under § 476.6(13).<sup>1</sup>

On January 18, 2019, the Parties filed a “Joint Response to Board Order” and a “Revised Stipulation and Agreement” (Settlement Agreement). The Parties clarified

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1. Citations to the Iowa Code shall be to the 2019 edition unless otherwise noted.

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several issues identified by the Board in its January 10, 2019 order. The Settlement Agreement refers to the issues and subparts as they were numbered in the Joint Statement of Issues. For convenience, throughout this order, the Board will refer to the issues and subparts by the numbering used by the Parties.

## **II. STANDARD OF REVIEW**

As amended by Senate File 2311, Iowa Code § 476.6(13) and (15) contains the energy efficiency plan and energy efficiency implementation, cost review, and cost recovery requirements. Section 476.6(13) provides “[e]lectric and gas utilities shall offer energy efficiency programs to their customers through energy efficiency plans.” Energy efficiency programs offered by rate-regulated utilities pursuant to § 476.6(13) require Board approval. *Id.*

Natural gas energy efficiency plans must include a range of programs tailored to the needs of all customer classes, including residential, commercial and industrial customers. *Id.* at § 476.6(15)(a)(1)(a). The plans should also include programs for qualified low-income customers. *Id.*

As an overarching requirement, an energy efficiency plan as a whole must be cost-effective. *Id.* at § 476.6(13). However, “[e]nergy efficiency programs for qualified low-income persons and for tree planting programs, educational programs, and assessments of consumers’ needs for information to make effective choices regarding energy use and energy efficiency need not be cost-effective and shall not be considered in determining cost-effectiveness of plans as a whole.” *Id.* A “utility’s

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threshold of cost-effectiveness for its plan as a whole shall be a benefit/cost ratio of 1.0 or greater.” 199 IAC 35.8(1)(e)(2).

Senate File 2311 imposed limits on the Board’s authority over the cost of a utility’s plan. Specifically, § 476.6(15)(c)(2) provides for energy efficiency plans that are effective on or after January 1, 2019:

the board shall not require a gas utility to adopt an energy efficiency plan that results in projected cumulative average annual costs that exceed one and one-half percent of the gas utility’s expected annual Iowa retail rate revenue from retail customers in the state...

With respect to its review of the Settlement Agreement, the Board will not approve a settlement unless it is “reasonable in light of the whole record, consistent with the law, and in the public interest.” 199 IAC 7.18. This is the standard the Board uses when evaluating any proposed settlement agreement.

### **III. ISSUES**

#### **A. Issue 1: Plan Requirements**

Issue 1 is whether BHE’s proposed Plan is consistent with Iowa law, including the new provisions in SF 2311, and meets the plan requirements set forth in 199 IAC 35.8, 35.9, and 35.10.

Pursuant to the terms of the Settlement Agreement, “BHE and OCA agree that BHE’s proposed Plan is consistent with Iowa law, including the new provisions in SF 2311, and meets the Plan requirements set forth in 199 IAC 35.8 and 199 IAC 35.10.” (Settlement Agreement, Art III.1, p. 2). In addition, the Parties state the Plan,

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as modified by the Settlement Agreement, meets the cost-effectiveness requirements of Iowa Code § 476.6(13). (Settlement Agreement, Art. III.1, p. 2).

Separate from the Parties' agreement on this issue, the Board reviewed BHE's proposed Plan to determine whether it is consistent with Iowa law and contains the necessary requirements. On August 8, 2018, the Board issued an order finding BHE's Plan "substantially complies" with the requirements set forth in Board rules. *In re: Black Hills/Iowa Gas Utility, LLC, d/b/a Black Hills Energy*, Docket No. EEP-2018-0004, "Order Docketing Application, Requiring Additional Information, and Setting Procedural Schedule," pp. 1-2 (Aug. 8, 2018). See 199 IAC 35.6(2) (stating each energy efficiency plan application "which meets the requirements of the chapter shall be docketed as a contested case proceeding"). No person or entity filed an objection to the docketing of BHE's Plan application nor did any person or entity contend the application failed to comply with any statutory provision or rule.

BHE's Plan, as amended by the Settlement Agreement, offers programs for all customer classes, including programs for low-income persons as required under section 476.6(15)(a)(1)(a) and rule 35.8. (Plan; Revised Exhibit 1, pp. vi-vii). The Plan includes an assessment of potential, description of the proposed plans and budgets, annual goals by program and the plan as a whole, and a monitoring and evaluation plan. (Plan; Exhibits 2, 4, and 8, and Revised Exhibit 1). BHE's proposed budget, as amended by the Settlement Agreement, does not exceed the natural gas

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energy efficiency budgetary criterion established in § 476.6(15)(c)(2). (Settlement Agreement, Art. III.2, p. 3).

The Board finds BHE's proposed Plan includes the necessary requirements and information as outlined in 199 IAC chapter 35 and Iowa Code § 476.6 and finds the Parties' settlement of this issue to be supported by the evidence in the record as a whole.

**B. Issues 2a, 2b and 6b: Annual Savings Targets and Budgets**

The Settlement Agreement combines Issues 2a, 2b, and 6b. (Settlement Agreement, Art. III.3, p. 4). Issue 2a is whether BHE's budget is appropriate and consistent with SF 2311, and Issue 2b is whether BHE's savings level is appropriate. Issue 6b is identified as whether BHE should include any supplemental weatherization services.

Because of what it captioned as a "strong program history," BHE developed its Plan by building on its current programs and incorporating the most current information from other sources. (BHE Dillon Direct Testimony pp. 3-4). BHE created the Plan in 2 phases. (BHE Dillon Direct Testimony p. 4). In Phase 1, BHE produced assessments of technical, economic, and market potentials for energy efficiency (Assessment). (BHE Dillon Direct Testimony p. 4). In Phase 2, BHE combined the Assessment's results with elements such as past program performance, Evaluation, Measurement, & Verification (EM&V) recommendations, analysis of other utilities' programs, and input from collaborative and trade ally meetings, to develop a portfolio



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of energy efficiency programs. (BHE Dillon Direct Testimony p. 4). After completing Phases 1 and 2, BHE then incorporated the natural gas energy efficiency budget criterion from SF 2311 to design a cost-effective portfolio while maintaining a budget of less than 1.5 percent of retail sales. (BHE Dillon Direct Testimony pp. 4-5). BHE used the Iowa Technical Reference Manual (TRM) to determine energy savings and incremental costs for the prescriptive energy efficiency measures in the proposed Plan. (BHE Dillon Direct Testimony p. 4).

Prior to the agreement, OCA asserted the 1.5 percent criterion in § 476.6(15)(c)(2) limits the Board's authority over a utility's plan budget but does not limit BHE's authority to implement a Plan budget in excess of the statutory criterion. (OCA Parker Direct Testimony pp. 7-9). OCA argued that at a minimum, BHE should increase its Plan budget to 1.5 percent of natural gas retail sales. (OCA Parker Direct Testimony p. 7). OCA further suggested BHE increase its proposed low-income program budget to the level included in its 2014-2018 Plan and make additional funding available for its supplemental weatherization program. (OCA Kruger Direct Testimony pp. 17, 22).

Concerning the Plan's savings goals, OCA asserted the Plan fails to address energy savings opportunities identified in the Assessment and suggests the proposed Plan be redesigned to capture as much cost-effective savings as feasible. (OCA Parker Direct Testimony pp. 8-9). OCA observed that under the Assessment, BHE's proposed Plan only achieves 14 percent of the achievable gas savings

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potential under the Business as Usual scenario. (OCA Loiter Direct Testimony pp. 9-10).

Under the terms of the Settlement Agreement, the Parties propose the Plan budget equal 1.5 percent of BHE's natural gas retail revenue, for a total Plan budget of approximately \$9.26 million. (Settlement Agreement, Art. III.3, p. 4). The Plan budget does not include the legislative assessments for the Iowa Energy Center or for the Center for Global and Regional Environmental Research, which will be discussed in greater detail below. Of the \$9.26 million, the Parties agree to the allocation of \$8.79 million to specific programs with the difference identified as "flexible" funds. (Settlement Agreement, Art. III.3, pp. 4-5). Per the terms of the agreement, the "flexible" funds will be used to first supplement programs that have greater-than-anticipated participation to prevent cutting off customers when program budgets are reached. (Settlement Agreement, Art. III.3, p. 5). If flexible funds remain at the end of the year, BHE will roll over those funds to the following year's budget and will allocate the funds to a low-income supplemental weatherization program. (Settlement Agreement, Art. III.3, p. 5). In the event a roll-over and allocation occurs, BHE agrees to collaborate with OCA and other interested entities to determine how the low-income supplemental weatherization funding should be allocated. (Settlement Agreement, Art. III.3, p. 5).

Under the Settlement Agreement, the Parties agree Plan spending will not exceed the natural gas energy efficiency budget criterion established in

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§ 476.6(15)(c)(2). (Settlement Agreement, Art. III.3, pp. 4-5). Further, under the Plan as revised by the Parties' agreement, the projected energy savings increases from the 89,800 Dth as identified in BHE's originally filed Plan to 99,264 Dth. (January 18, 2019 Joint Response to Board Order, Attachment A). The Board finds the Parties' agreement on the budget and savings issues to constitute a reasonable compromise that is consistent with the law and the record and in the public interest.

**C. Issues 2c and 4d: Marketing**

Issue 2c is whether BHE's marketing budget is appropriate, and Issue 4d is whether BHE should coordinate with Service Guard.

Under the proposed Plan as originally filed, OCA asserted the funds BHE allocated to marketing was inadequate and recommended BHE increase the marketing budget in order to drive demand for the programs and encourage customers to make additional efficiency investments. (OCA Loiter Direct Testimony pp. 16-17). In addition, OCA noted that BHE's Service Guard division provides energy efficiency furnace maintenance and suggested BHE look for synergies with Service Guard related to program delivery and awareness to reduce administrative costs. (OCA Parker Direct Testimony pp. 33-34).

Per the Parties' agreement, BHE agrees to seek efficiencies in furnace-tune-up marketing activities with Service Guard. (Settlement Agreement, Art. III.4, p. 5). BHE further agrees to increase amounts spent on marketing in the event of under-performance of programs that cannot be resolved under the proposed budget.

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(Settlement Agreement, Art. III.4, p. 5). However, any increased spending on marketing shall not cause the total Plan spending to exceed 1.5 percent budget criterion. (Settlement Agreement, Art. III.4, p. 5).

The Board finds the Parties' resolution to Issues 2c and 4d to be reasonable and in the public interest. While BHE agrees to increase marketing activities in the event certain conditions exist, the agreement does not require BHE to spend in excess of the 1.5 percent budget criterion.

**D. Issues 3a, 3b and 3c: Cost Reduction and Containment**

The Settlement Agreement combines resolution of Issues 3a, 3b, and 3c. Issue 3a is whether the budgets should be limited to no more than 25 percent of administrative expense and administrative costs be standardized. Issue 3b is whether the next Assessment should be more streamlined to reduce costs, and Issue 3c is whether BHE should consider using upstream program delivery strategies.

Within its initial proposed Plan, BHE asserted it actively sought to reduce administrative costs and, in fact, eliminated a number of programs due to high administrative costs and reduced EM&V due to budget constraints. (BHE Dillon Direct Testimony p. 9). BHE claimed the budget contained little room for unplanned or uncontrolled Plan costs and that a contested Prudence Review, for example, would reduce the cost-effectiveness below 1.0. (BHE Dillon Direct Testimony p. 10).

Conversely, OCA claimed that because of reduced program offerings and decreased overall Plan budget, administrative costs should be lower and no more

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than 25 percent of the total Plan budget. (OCA Parker Direct Testimony p. 18). OCA further asserted that any materialized savings due to the reduction of administrative costs should be used for customer incentives. (OCA Parker Direct Testimony pp. 18-19). Additionally, OCA suggested as part of the chapter 35 rulemaking the Board consider requiring uniformity among the utilities' categorized costs outlined in 199 IAC 35.8(2)(d). (OCA Parker Direct Testimony pp. 46-47). Finally, OCA recommended BHE refrain from undertaking extensive or expensive Assessments for use in future energy efficiency plans, given the plans are driven by budget rather than achievable savings. (OCA Parker Direct Testimony pp. 12-13).

As part of the Settlement Agreement, BHE agrees to seek efficiencies and cost-reduction opportunities. (Settlement Agreement, Art. III.5, p. 6). Such cost-reduction opportunities include, but are not limited to, streamlining assessment of potential and plan development costs and the elimination of unnecessary or high-cost promotions. (Settlement Agreement, Art. III.5, p. 6). As part of its cost-savings efforts, BHE agrees to work with OCA and other stakeholders, including other utilities, to better define cost categories and to increase uniform reporting by all utilities, and to discuss potential upstream/downstream equipment programs. (Settlement Agreement, Art. III.5, p. 6). Finally, BHE agrees to track such savings and incorporate any such savings back into the Plan, albeit not necessarily to the same program from which the savings originated. (Settlement Agreement, Art. III.5, p. 6).

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The Board finds the Parties' compromise on this issue to be a reasonable resolution, supported by the record and the law. Further, because BHE agrees to incorporate any materialized savings back into the Plan, which benefits BHE's rate-payers, the Board finds the resolution to be in the public interest and approves the same.

**E. Issues 4a, 4c, 4e, 4f and 5d: Residential Prescriptive Program**

The Parties resolved Issues 4a, 4c, 4e, 4f, and 5d jointly in the Settlement Agreement and, as such, the Board will discuss these issues collectively. Issue 4a is whether BHE's rebates including programmable thermostats are appropriate, Issue 4c is whether BHE should have methods in place to assure quality installation, Issue 4e is whether the cost-effectiveness of BHE's residential prescriptive measures is acceptable, Issue 4f is whether BHE should include water heaters in its plan, and Issue 5d is whether BHE should reduce its incentive levels for both residential and nonresidential.

BHE's Residential Prescriptive program is designed to provide incentives to customers who improve their home efficiency by installing high-efficiency natural gas equipment such as high-efficiency furnaces, advanced thermostats, water heaters, and duct and floor insulation. (Application, Revised Exhibit 1, p. 13). BHE contends the program depends on strong trade ally relationships and to keep the trade allies informed of program opportunities, BHE offers periodic trade ally meetings. (Application, Revised Exhibit 1, pp. 13-14).

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In response to BHE's proposed offering, OCA made a number of suggestions. (OCA Parker Direct Testimony pp. 28-29). First, OCA recommended BHE reduce the incentive for a Wi-Fi programmable thermostat from the proposed \$70 incentive amount to \$50, which is the rebate amount in BHE's current Plan. (OCA Parker Direct Testimony pp. 28-29). Second, with the intent of ensuring all measures in the program achieve maximum energy savings, OCA recommended BHE require quality installations and only claim savings if TRM-specified quality-installation methods are used. (OCA Parker Direct Testimony pp. 32-33). According to the TRM, quality installation is measurement and science-based product selection and commissioning. The TRM includes savings algorithms for products installed using quality-installation approaches and those products not installed using quality-installation approaches. Quality-installation approaches include additional costs due to the additional design and installation work required.

Finally, OCA expressed concern that the Residential Prescriptive program, which has a societal ratio of less than one, accounts for more than 50 percent of the proposed Plan's budget. (OCA Parker Direct Testimony p. 34). OCA observed several measures in the program are not cost-effective and suggested BHE reconsider providing incentives for non-cost-effective measures, especially residential gas water heaters. (OCA Parker Direct Testimony pp. 34-35).

As part of the settlement, the Parties agree that BHE will continue to provide program measures, including programmable thermostats and water heaters, at the

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levels proposed by BHE. (Settlement Agreement, Art. III.6, p. 6). However, BHE will monitor the program budget and savings level to ensure both are consistent with the Plan design estimates. (Settlement Agreement, Art. III.6, p. 6). BHE further agrees to limit program-marketing measures that are not cost-effective and will certify quality installation for furnaces. (Settlement Agreement, Art. III.6, p. 7).

The Board finds the Parties' resolution of Issues 4a, 4c, 4e, 4f, and 5d as set forth in the Settlement Agreement to be consistent with the law and in the public interest. The Board further finds the agreement constitutes a reasonable compromise that takes into consideration not only program participation, but also expected energy savings.

**F. Issue 4b: Residential Assessments**

Issue 4b is whether BHE's Plan offers walk-through assessments and other support for customers to assess and implement energy efficiency.

OCA recommended BHE expand its proposed Plan to offer home energy assessments. (OCA Parker Direct Testimony p. 32). OCA asserted BHE should either perform the walk-through assessments as an educational component to the Plan or identify organizations and trade allies that would provide assessments for those customers willing to pay for an assessment. (OCA Parker Direct Testimony p. 32). OCA also suggested BHE retain the walk-through energy assessments for low-income customers. (OCA Kruger Direct Testimony pp. 21-22).



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Through the Settlement Agreement, the Parties agree BHE's proposed Plan will not include walk-through assessments; however, BHE agrees to continue offering its customers the online assessment opportunity available under its current Plan. (Settlement Agreement, Art. III.7, p. 7). BHE commits to support residential customers' adoption of energy efficiency through its Call Center, outreach to customers participating in the online assessment, and through educational materials. (Settlement Agreement, Art. III.7, p. 7). BHE agrees to obtain a list of contractors willing to perform walk-through assessments for a fee and make that list available to interested residential customers. (Settlement Agreement, Art. III.7, p. 7).

The Board finds the Parties' resolution of the walk-through assessment issue to be both reasonable and sensible. While BHE will not offer walk-through assessments for its residential customers, those customers will have access to BHE's online assessment resources and may contact BHE for a list of contractors willing to perform in-home assessments for a fee. The Board, therefore, approves the Parties' settlement of this issue.

**G. Issue 4g: Residential Code Compliance**

Issue 4g is whether BHE should develop training and education on code compliance.

OCA stated that because BHE is not offering a residential new construction program as part of its proposed Plan, the Residential Prescriptive program is the only program option available for new construction customers to receive rebates for high-

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efficiency equipment. (OCA Parker Direct Testimony pp. 35-36). OCA noted that as part of the rebate application process, BHE will require the customer-applicant to certify that the structure complies with the energy conservation standards. (OCA Parker Direct Testimony pp. 35-36). OCA recommended BHE require that a local code enforcement official complete the certification and that BHE use the application information to determine whether there is a need to develop appropriate training and education to support energy code compliance. (OCA Parker Direct Testimony pp. 35-36).

Pursuant to the Settlement Agreement, BHE agrees to require builders to certify code compliance for new construction on the rebate application form and agrees to work collaboratively with OCA and other stakeholders to discuss co-sponsorship of builder training education programs. (Settlement Agreement, Art. III.8, p. 7).

The Board's rules recognize builder-certification as a permissible method for certifying energy code compliance. See 199 IAC 35.14 (rules concerning new structure energy conservation standards). The rules further recognize the benefit of collaborative efforts between a utility and stakeholders. See *e.g., id.* at r. 35.6. The Board, therefore, finds the Parties' builder-certification and agreement to engage in collaborative efforts regarding builder training education programs to be reasonable and in the public interest.

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**H. Issue 5a and 5d: Nonresidential Prescriptive Program**

In their agreement, the Parties combine Issues 5a and 5d.<sup>2</sup> Issue 5a relates to tankless water heaters and replacement of steam traps and Issue 5d is whether BHE should reduce the incentive levels for both residential and nonresidential programs.

BHE's proposed Nonresidential Prescriptive program provides customer incentives for efficient natural gas equipment such as high-efficiency furnaces, commercial cooking equipment, tankless water heaters, and duct insulation. (Application, Revised Exhibit 1, p. 16). As with the Residential Prescriptive program, trade allies serve as an important element in the success of the Nonresidential Prescriptive program and BHE intends to offer periodic trade ally meetings to support the trade allies and to keep them informed of program opportunities and changes. (Application, Revised Exhibit 1, pp. 16-17).

OCA expressed concern regarding BHE's proposed incentives for tankless water heaters and replacement of steam traps because they are not cost-effective. (OCA Parker Direct Testimony p. 38). OCA also recommended BHE seek opportunities to reduce incentive payments and pursue less costly approaches to cash incentives in its non-low-income programs. (OCA Parker Direct Testimony p. 9).

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2. The Parties address Issue 5d in two separate provisions of the Settlement Agreement. (Settlement Agreement, Arts. III.6, pp. 6-7 & III.9, pp. 7-8). See Issue III.D.

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Per the agreement, while continuing to offer the measures in its proposed Nonresidential Prescriptive program at the planned incentive amounts, BHE will monitor the safeguards in place to ensure that budget and savings levels are consistent with Plan design estimates. (Settlement Agreement, Art. III.9, pp. 7-8). Additionally BHE will limit spending for marketing measures that are not cost-effective. (Settlement Agreement, Art. III.9, pp. 7-8).

Pursuant to Iowa Code section 476.6(13), individual measures need not be cost-effective so long as the Plan as a whole is cost-effective. The Parties' settlement of Issues 5a and 5d is consistent with BHE's Plan proposal and designed to achieve annual and peak energy savings. The agreement allows for incentives for the nonresidential equipment identified by BHE in its Plan, including tankless water heaters and replacement of steam traps, and allows for incentives at the levels proposed by BHE. The Board finds the Parties' resolution of Issues 5a and 5d to be reasonable and approves the same.

**I. Issue 5b: Nonresidential Assessments**

Issue 5b is whether BHE's Plan should offer walk-through assessments and other support for nonresidential customers to assess and implement energy efficiency.

As part of its Plan, BHE is not proposing to offer energy assessments for its commercial customers. (OCA Parker Direct Testimony p. 38) OCA asserted a walk-through energy assessment is a fundamental step to assist customers with more

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complex energy efficiency installations, such as insulation and infiltration. (OCA Parker Direct Testimony p. 39). In lieu of walk-through assessments, OCA suggested BHE should direct customers seeking education and assessments to organizations or trade allies that would provide assessments for a fee. (OCA Parker Direct Testimony pp. 39-40). OCA opined BHE should provide educational opportunities to assist commercial customers in understanding what energy efficiency measures may be appropriate for their businesses. (OCA Parker Direct Testimony pp. 39-40).

In the Settlement Agreement, the Parties agree to BHE's discontinuance of nonresidential walk-through assessments for nonresidential customers; however, BHE agrees to support nonresidential customers' adoption of energy efficiency through its Call Center, key account managers, and through educational materials. (Settlement Agreement, Art. III.10, p. 8). BHE also agrees to provide interested nonresidential customers a list of contractors that are able to provide walk-through assessments for a fee. (Settlement Agreement, Art. III.10, p. 8).

While not part of the Plan as originally proposed, BHE agrees to provide its nonresidential customers additional energy efficiency educational opportunities and a list of contractors willing to provide walk-through assessments for a fee. Further, no provision of law requires a rate-regulated gas utility provide walk-through assessments as part of its energy efficiency plan. Therefore, the Board finds the

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Parties' resolution of this issue to constitute a reasonable compromise, consistent with the law, and in the public interest.

**J. Issue 5c: Nonresidential Custom Solutions Program**

Issue 5c is whether BHE should expand its budget to meet customer demand and only offer cost-effective measures.

BHE's proposed Custom Solutions program provides customer incentives for the installation of energy-efficient natural gas equipment that is not included in the Nonresidential Prescriptive program. (Application, Revised Exhibit 1, p. 20). The program targets BHE's large nonresidential customers and interested customers must apply to BHE for inclusion in the program. (Application, Revised Exhibit 1, p. 20). BHE evaluates customer information and approves cost-effective projects. (Application, Revised Exhibit 1, p. 20). Participation is subject to the program's annual budget. (Application, Revised Exhibit 1, p. 20).

According to OCA, BHE should increase the program budget if there is robust interest in the Custom Solutions program. (OCA Parker Direct Testimony p. 42). OCA further asserted BHE should only promote cost-effective measures. (OCA Parker Direct Testimony p. 42).

As part of the settlement, the Parties' agree to the proposed measures offered in BHE's Custom Solutions program at the proposed budget levels. (Settlement Agreement, Art. III.11, p. 8). BHE further agrees to monitor the safeguards in place

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to ensure that budget and energy savings levels are consistent with Plan design estimates. (Settlement Agreement, Art. III.11, p. 8).

BHE designed the Custom Solutions program to ensure that only those custom applications that pass a cost-effectiveness screening are eligible for incentives. (BHE Dillon Reply Testimony pp. 14-15; Application, Revised Exhibit 1, p. 20). BHE further designed its Plan such that excess program funds may be shifted in the event other programs have higher-than-anticipated participation. (BHE Dillon Reply Testimony pp. 14-15). In light of BHE's Custom Solutions program design, the Parties' resolution of Issue 5c appears reasonable and in the public interest and the Board approves the same.

**K. Issue 6a, 6b and 6c: Low-Income Program**

The Parties combine Issues 6a, 6b, and 6c in the Settlement Agreement. Issue 6a is whether BHE's weatherization program is reasonable. Issue 6b is whether BHE should include any supplemental weatherization services. Issue 6c is whether BHE should offer low-income customers higher rebates.

BHE's proposed Low-Income Weatherization program provides funding for weatherization efforts performed by Iowa Community Action agencies (CAA). (Application, Revised Exhibit 1, p. 23). BHE provides program funding to the Iowa Department of Human Rights (IDHR), which then distributes the funding to CAAs throughout BHE's service territory to deliver the weatherization improvements on BHE's behalf. (Application, Revised Exhibit 1, pp. 23-25).

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Through its submitted testimony, OCA expressed support for BHE's weatherization assistance program. (OCA Kruger Direct Testimony pp. 11-12). OCA recommended, however, that BHE work with IDHR and CAAs in implementing stronger cost-containment measures to ensure the program is operating as efficiently and effectively as possible. (OCA Kruger Direct Testimony pp. 11-12). OCA further suggested BHE implement a program budget at a level consistent with BHE's current Plan and recommended that BHE should retain the on-site energy assessments for its low-income customers. (OCA Loiter Direct Testimony p. 18; OCA Kruger Direct Testimony pp. 21-22). OCA opined BHE should continue to offer rebates at similar levels to those offered in the current Plan for insulation, home sealing, and natural gas furnaces for Low-Income Home Energy Assistance Program (LIHEAP) eligible customers.<sup>3</sup> (OCA Kruger Direct Testimony pp. 20-21).

OCA recommended BHE continue its partnership with Green Iowa AmeriCorps and work with Habitat for Humanity affiliates to implement additional strategies during the 2019-2023 Plan. (OCA Kruger Direct Testimony p. 17). In addition, OCA asserted BHE could ease the energy burden of low-income customers without expanding the energy efficiency budget by using money collected through the

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3. An applicant must be at or below 175% of the 2017 federal poverty guidelines in order to be eligible for LIHEAP and at or below 200% of the 2017 federal poverty guidelines in order to be eligible for the weatherization assistance program. <https://humanrights.iowa.gov/dcaa/liheap/eligibility> (last visited on March 12, 2019).



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Customer Contribution Fund (CCF) pursuant to Iowa Code § 476.66 to expand weatherization efforts. (OCA Kruger Direct Testimony pp. 24-25).

Per the settlement of Issues 6a, 6b, and 6c, BHE will continue to offer the proposed measures in its Low-Income Weatherization program at the proposed budget levels; however, BHE agrees to monitor the safeguards in place to ensure that budget and savings levels are consistent with Plan design estimates.

(Settlement Agreement, Art. III.12, pp. 8-9). BHE also agrees to double the rebates for the LIHEAP qualified participants in its Residential Prescriptive program.

(Settlement Agreement, Art. III.12, pp. 8-9). Finally, BHE agrees to allocate 50 percent of all customer contributions made to the CCF above \$64,723 to supplemental weatherization activities to be completed in BHE's low-income customers' homes by third parties. (Settlement Agreement, Art. III.12, pp. 8-9).

Iowa Code § 476.6(15)(a)(1)(a), an energy efficiency plan must contain "programs for qualified low-income persons including a cooperative program with any [CAA] within the utility's service area to implement countywide or communitywide energy efficiency programs for qualified low-income persons." BHE's proposed Low-Income program complies with this statutory requirement. Through the Settlement Agreement, the program will remain at proposed budget levels to ensure compliance with the natural gas energy efficiency criterion in § 476.6(15)(c)(2) while allowing for the potential of additional funding through contributions made to the

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CCF. Given the statutory considerations, the Parties' resolution of Issues 6a, 6b, and 6c is reasonable in light of the record as a whole and the Board approves the same.

**L. Issue 7a and 7b: Education Program**

The Parties combine Issues 7a and 7b in the Settlement Agreement. Issue 7a is whether BHE's LivingWise program is appropriate, and Issue 7b is whether BHE should expand its education program through trade allies.

BHE's proposed Education program consists of a school-based education program, LivingWise, which is focused on achieving long-term savings by creating energy efficiency awareness among middle and high school students in BHE's service territory. (Application, Revised Exhibit 1, pp. 26-29). The program provides students with educational material and kits, which include direct-installation measures for participating students to install in their homes. (Application, Revised Exhibit 1, p. 28).

OCA recommended BHE direct initial marketing efforts toward school districts in low-income communities within its service territory. (OCA Davison Direct Testimony p. 4). While noting education and awareness programs do not tend to have any direct attributable energy savings, OCA opined such programs should be evaluated to determine whether they produce the desired outcomes. (OCA Loiter Direct Testimony p. 15). OCA suggested BHE use Evaluation, Measurement, & Verification (EM&V) to improve the program's ability to increase savings. (OCA Loiter Direct Testimony p. 15). OCA also advised BHE should add more supporting

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strategies to its Education program, such as trade ally support, and increase the marketing budget to increase customer demand and encourage additional efficiency investments. (OCA Loiter Direct Testimony p. 16).

Under the terms of the settlement, BHE agrees to target its school-based education activities toward school districts in low-income communities within its service territory beginning in 2020; however, BHE does not guarantee the number of schools in low-income communities that sign up for the program. (Settlement Agreement, Art. III.13, p. 9). BHE further agrees to continue its trade ally outreach and education efforts. (Settlement Agreement, Art. III.13, p. 9).

As designed by BHE, the Education program provides “hands-on experience that students realize through energy-efficiency impacts in their own homes.” (Application, Revised Exhibit 1, p. 28). Through the Settlement Agreement, BHE agrees to target the program toward school districts in low-income communities, which OCA states is a “great way to provide energy-savings measures to those who may benefit the most and who otherwise may not be able to afford them.” (OCA Davison Direct Testimony p. 4). In light of the record and the Parties’ positions, the Board finds the resolution of Issues 7a and 7b to be sensible and in the public interest and approves the same.

**M. Issue 8a: Trees Program**

Issue 8a centers on whether BHE’s Trees program is appropriate. As part of its Plan, BHE proposed to continue to provide annual funding for the Trees Forever

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program, which is operated by a nonprofit organization of the same name.

(Application, Revised Exhibit 1, p. 30). The program promotes and encourages energy efficiency and conservation and provides support for community-based tree-planting efforts. (Application, Revised Exhibit 1, p. 30).

While requiring program applicants identify an energy efficiency nexus, OCA asserted BHE should update the application to clarify that a Trees Forever project must provide energy savings benefits to community residences, businesses, and public owned buildings, as opposed to providing shade to streets, sidewalks, and parking lots. (OCA Davison Direct Testimony pp. 6-7). Agreeing with OCA's recommendation and as part of the settlement, BHE commits to creating a more narrow definition of "energy efficiency nexus" to ensure that approved trees are planted in close proximity to a structure to achieve maximum energy efficiency benefits. (Settlement Agreement, Art. III.14, p. 9).

According to Iowa Code § 476.6(13), an energy efficiency plan may include a tree-planting program and, if so, the program "need not be cost-effective and shall not be considered in determining the cost-effectiveness" of the plan as a whole.

While not objecting to the program itself, OCA voiced concern over program eligibility. As part of the Settlement Agreement, the Parties agree to a modification of program eligibility designed to achieve greater energy efficiency benefits. Because ensuring greater energy savings benefits of an energy efficiency program is in the public interest under chapter 476 and because the settlement agreement alters the

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tree-planting program to ensure a greater energy efficiency nexus, the Board approves the Parties' resolution of Issues 8a.

**N. Issue 8b: Iowa Energy Center and Center for Global and Regional Environmental Research Funding**

Issue 8b is whether funding for the Iowa Energy Center for Global and Regional Environmental Research (legislative assessment) should be included in BHE's proposed Plan budget.

In its proposed Plan, BHE allocated a total of \$372,000 toward the legislative assessment (\$124,000 for years 2019-2021). (Application, Revised Exhibit 1, p. 30). OCA argued that if BHE removed the legislative assessment from the Plan budget, an additional \$372,000 for natural gas energy efficiency would be available for cost-effective savings measures. (OCA Parker Direct Testimony p. 12).

According to the Settlement Agreement, BHE and OCA agree to both the removal of the legislative assessment from the Plan budget and the inclusion of the legislative assessment in BHE's energy efficiency cost recovery. (Settlement Agreement, Art. III.2, pp. 3-4). The Parties further agree that the funds previously allocated to the legislative assessment will be reallocated equally between the Residential Prescriptive program and the Nonresidential Prescriptive programs including Custom Solutions, and Low-Income programs. (Settlement Agreement, Art. III.2, pp. 3-4).

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The Iowa Energy Center's statutory purpose was "to increase energy efficiency in all areas of Iowa energy use" and was directed, in part, to "conduct and sponsor research on energy efficiency and conservation that will improve the environmental, social, and economic well-being of Iowans . . . ." *Id.* at § 266.39C(1)(a) (2017). Prior to the fiscal year beginning July 1, 2019, the Iowa Energy Center received 85 percent of the legislative assessments collected. Iowa Code § 476.10A(1)(c). However, for the fiscal year beginning on July 1, 2019, and continuing through the fiscal year beginning on July 1, 2021, an increasing portion of the assessment is to be transferred to the general fund of this state. *Id.* at § 476.10A(1)(c).

The Board approves the Parties' resolution of Issue 8b, the removal of the legislative assessment from BHE's budget, and the reallocation of those funds in other energy efficiency programs. By removing the legislative assessment, BHE will make additional funds available for energy efficiency purposes without exceeding the natural gas energy efficiency budget criterion established in § 476.6(15)(c)(2). Further, the Parties agree to a reasonable reallocation of those funds that will benefit BHE's residential customers, non-residential customers, and low-income customers. In sum, the settlement of the legislative assessment issue is reasonable in light of the record as a whole, consistent with law, and in the public interest.

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**O. Issue 9: Evaluation Measurement & Verification**

Issue 9 is whether BHE's funding for EM&V is sufficient.

In its Plan, BHE proposed an annual EM&V budget of approximately \$6,000. (BHE Dillon Direct Testimony p. 14). BHE anticipates utilizing EM&V when dictated by program results and when questions arise during the annual reporting process. (BHE Dillon Direct Testimony pp. 14-15). BHE will rely on the TRM to determine measure-level impacts and use EM&V to inform or refine underperforming measures and programs. (BHE Dillon Direct Testimony pp. 14-15).

OCA asserted BHE's EM&V budget is approximately 0.34 percent of its total proposed Plan budget. (OCA Parker Direct Testimony p. 20). OCA stated all programs will benefit from an external process review and suggested BHE devote additional dollars or resources to conduct EM&V. (OCA Parker Direct Testimony pp. 20-21). OCA opined annual EM&V could improve program delivery and inform current and future processes. (OCA Parker Direct Testimony p. 21). In addition, OCA suggested BHE promptly implement new technologies and program changes as appropriate during the proposed Plan. (OCA Parker Direct Testimony pp. 36-37, 41, 42-43).

In the Settlement Agreement, BHE agrees to utilize EM&V to identify issues associated with program delivery and underperformance and will implement such changes as necessary to ensure BHE is utilizing its full budget. (Settlement Agreement, Art. III.15, p. 10). In the event of program delivery issues or

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underperformance, which cannot be resolved with the proposed budget, BHE commits to increase funds for EM&V so long as total Plan spending does not exceed the natural gas budget criterion in § 476.6(15)(c)(2). (Settlement Agreement, Art. III.15, p. 10). Finally, BHE agrees to share with OCA EM&V reports from other states in BHE's territory with similar programs. (Settlement Agreement, Art. III.15, p. 10).

The Board finds the Parties' resolution of the EM&V issue to be a reasonable compromise in light of the record. While contending the need for EM&V is reduced given the proposed Plan programs have been evaluated within the last five years, (BHE Dillon Reply Testimony pp. 7-8), BHE agrees to focus EM&V efforts on identifying issues relating to program delivery and underperformance as requested by OCA. Given the potential benefits EM&V holds and because BHE is neither required to budget nor spend in excess of the § 476.6(15)(c)(2) criterion, the Board finds the resolution of Issue 9 to be in the public interest.

**P. Issue 10: Collaboration**

Issue 10 is whether the Board should require and provide direction on stakeholder collaboration.

As part of its Plan filing, BHE expressed its intent to continue to engage stakeholders to ensure the programs remain cost-effective and, more specifically, its intent to "continue to convene an annual Fall Operations meeting to inform stakeholders of any proposed program changes and to gather input on potential Plan changes." (Application, Revised Exhibit 1, p. 6). OCA asserted collaboration is an



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exceedingly useful tool when pursuit of energy efficiency holds a priority position in the planning process; however, in light of the budget criterion in § 476.6(15)(c)(2), OCA questioned whether the time and expense in stakeholder collaboration can be justified. (OCA Parker Direct Testimony p. 19). OCA asserted a method should be created to identify accomplishments through the collaborative process as a method of marking progress. (OCA Parker Direct Testimony pp. 19-20). Therefore, OCA recommended the utilities, stakeholders, and the Board establish specific collaboration goals and compile collaboration results. (OCA Parker Direct Testimony pp. 19-20).

Pursuant to the terms of the settlement, BHE and OCA agree to continue the collaboration process followed during the 2014-2018 Plan and to follow any additional collaboration directed by the Board. (Settlement Agreement, Art. III.16, p. 10). Although the Board appreciates the value of the collaborative process and the demonstrable benefits that have resulted from the Parties working collaboratively on issues, no Iowa statute or Board rule requires post-plan collaboration. Further, Iowa law does not direct or dictate the structure of any such collaboration. Finally, the evidence submitted in this record does not establish what collaboration goals would be reasonable and useful, if any. As such, the Board will not direct additional stakeholder engagement. However, the Board does find the Parties' resolution of the stakeholder issue as set forth in the Settlement Agreement to be reasonable and not

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contrary to Iowa law. There is value in stakeholder engagement and the Board approves the Parties' resolution of Issue 10.

**Q. Issue 11: Energy Efficiency Annual Reports**

Issue 11 is framed as whether the Board should require changes to the annual report, including an affidavit from BHE's management.

OCA recommended BHE continue to file energy efficiency annual reports but suggested the reports also include narrative descriptions of program successes and challenges, details of all issues arising from the delivery of the proposed Plan, and updates on all pilots and research and development projects. (OCA Parker Direct Testimony p. 24). OCA also asserted the energy efficiency annual reports should be accompanied by an affidavit from BHE's management, averring that the report is complete, accurate, and includes all noteworthy program changes. (OCA Parker Direct Testimony pp. 24-25).

As part of the Settlement Agreement, BHE agrees to include in its energy efficiency annual report a narrative explanation of program performance and updates on pilots and research and development projects. (Settlement Agreement, Art. III.17, p. 10). In addition, BHE agrees to include an affidavit with its annual report, but retains flexibility in determining report content and detail, while striving for transparency in its reporting. (Settlement Agreement, Art. III.17, p. 10).

A rate-regulated utility's energy efficiency annual report provides valuable information for use by stakeholders and the Board in reviewing the results and

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implementation of that utility's energy efficiency plans. The Board, therefore, finds the Parties' resolution of the issue to be reasonable and in the public interest.

**R. Issue 12: Benchmarking**

The Parties framed Issue 12 as whether BHE should be required to include benchmarking in the Plan.

OCA explained that benchmarking is a process in which the energy use of a building is compared to the energy use of another similarly situated building. (OCA Kruger Direct Testimony p. 26). OCA noted BHE could assist with benchmarking by uploading usage data in a timely and accurate manner. (OCA Kruger Direct Testimony pp. 28-29). OCA opined that by requiring BHE to upload the data directly, BHE's business customers participating in the benchmarking program are not burdened with data entry and the data is uploaded accurately and timely. (OCA Kruger Direct Testimony pp. 28-29). OCA further stated benchmarking could also assist BHE program managers and commercial participants in identifying better savings opportunities. (OCA Kruger Direct Testimony pp. 28-29).

Under the terms of the Settlement Agreement, BHE agrees to promote the Energy Star benchmarking tool. (Settlement Agreement, Art. III. 18, pp. 10-11). The Board acknowledges the benefits of benchmarking and, consequently, finds the Parties' resolution of the issue to be in the public interest and reasonable.

**S. Issue 13: Financing**

Finally, Issue 13 is whether BHE should offer financing as part of the Plan.

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OCA noted that BHE's proposed Plan does not include financing options for its customers. (OCA Loiter Direct Testimony p. 20). OCA asserted financing options can assist customers in overcoming the "first-cost" barrier by reducing the initial capital outlay and suggested several financing alternatives such as on-bill financing, low-interest loans, or a streamlined application and approval process. (OCA Loiter Direct Testimony pp. 20-21).

Under the terms of the agreement, BHE is not required to offer a financing program in the Plan. (Settlement Agreement, Art. III.19, p. 11). BHE agrees to participate in low-income roundtable discussions concerning new or innovative low-income financing tools in the future; however, BHE does not commit to the implementation of any financing tools. (Settlement Agreement, Art. III.19, p. 11).

The Parties' resolution of Issue 13 does not require BHE add a financing component or otherwise modify its proposed Plan. The Board finds BHE's agreement to engage in additional discussions concerning low-income financing tools to be reasonable, especially given that under the agreement BHE retains the flexibility to decide issues related to implementation. Therefore, the Board finds the Parties' resolution of Issue 13 to be in the public interest and approves the same.

## **VII. STATUTORY CONSIDERATIONS**

Although the Board addressed the Parties' resolution of all matters identified in their Joint Statement of the Issues through the Settlement Agreement, the Board

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must, nevertheless, address whether BHE's proposed Plan complies with the statutory requirements.

**A. All Customer Classes/Qualified Low-Income**

Energy efficiency and demand response plans must include a range of programs tailored to the needs of all customer classes, including residential, commercial and industrial customers. *Id.* at § 476.6(15)(a)(1)(a). A plan must also include programs for qualified low-income customers. *Id.*

The Board finds BHE's Plan provides programs tailored to each customer class. (Application, Revised Exhibit 1, pp. vi-vii). The Plan includes a Low-Income Weatherization program. (Application, Revised Exhibit 1, pp. 23-25). Therefore, the Board finds the scope of the Plan's programs meets the customer classes requirements in § 476.6(15)(a)(1)(a).

**B. Cost-Effectiveness**

Iowa Code § 476.6(13) precludes the Board from approving an energy efficiency plan unless the plan, as a whole, is cost-effective. A "utility's threshold of cost-effectiveness for its plan as a whole shall be a benefit/cost ratio of 1.0 or greater." 199 IAC 35.8(1)(e)(2).

On January 18, 2019, the Parties made joint filings entitled "Portfolio Summary" and "BHE's Settled Plan in Comparison to July 2018 Plan." The Parties assert in the filings that the Plan is cost-effective with an overall portfolio societal cost-effectiveness ratio of 1.12. Based on the evidence presented, including the

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Plan's revised budget and savings, the Board finds the Plan is cost-effective as required by Iowa Code § 476.6(13) and 199 IAC 35.8.

**C. Statutory Budget Criteria**

Pursuant to Iowa Code § 476.6(15)(c)(2), the Board may not require a gas utility adopt an energy efficiency plan that results in projected cumulative average annual costs that exceed 1.5 percent of the gas utility's expected annual Iowa retail rate revenue from retail customers in the state.

BHE's proposed Plan budget, as revised by the Settlement Agreement and not including the legislative assessment, is \$8.79 million, with an additional \$467,982 allocated as "flexible funds" for a total of \$9.26 million. BHE's total natural gas energy efficiency spending does not exceed 1.5 percent of its expected natural gas revenues. Therefore, the Board finds BHE's proposed budget for natural gas energy efficiency is less than the natural gas budget criterion set forth in § 476.6(15)(c)(2).

**VIII. CONCLUSION**

BHE's Plan is expected to produce natural gas savings of 99,264 dekatherms and peak savings of 1,042 dekatherms. Based on the revised budget and savings, the Plan is cost-effective and meets the plan requirements set forth in Iowa Code § 476.6 and 199 IAC chapter 35. The Plan also contains programs tailored to all customer classes and low-income customers. BHE's total natural gas energy efficiency spending does not exceed 1.5 percent of expected natural gas revenues. The Board finds the Settlement Agreement reasonable in light of the record as a

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whole, consistent with the law, and in the public interest and approves BHE's Plan as modified by the Settlement Agreement. The Settlement Agreement in its entirety will be approved.

BHE is required to continue filing its energy efficiency annual report on or before May 1 of each Plan year. In its annual energy efficiency report and in addition to other material and information required in that filing, BHE shall include updates on its collaborative efforts, and both net and gross savings results for purposes of historical comparisons.

On or before January 31 of each Plan year, BHE shall file an update of program features. In this update filing, BHE shall describe program changes that do not require modification of the Plan.

Finally, BHE shall file its 2024-2028 energy efficiency plan on or before March 31, 2023, with a target effective date for the new plan of January 1, 2024.

## **ORDERING CLAUSES**

### **IT IS THEREFORE ORDERED:**

1. The "Joint Motion for Approval of Revised Unanimous Stipulation and Agreement" filed on January 18, 2019, by Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, and the Office of Consumer Advocate, a division of the Iowa Department of Justice, is granted.

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2. The “Revised Stipulation and Agreement” filed on January 18, 2019, by Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, and the Office of Consumer Advocate, a division of the Iowa Department of Justice, is reasonable in light of the record as a whole, consistent with the law, and in the public interest and, therefore, is approved.

3. The 2019-2023 Energy Efficiency Plan, as modified by the Revised Stipulation and Agreement, filed by Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, is approved.

4. On or before May 1 of each year, Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, shall file an energy efficiency annual report in this docket. Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, shall include in each annual report filing, in addition to other matters required by law, updates on its collaborative efforts and net and gross savings.

6. On or before January 31 of each year, Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, shall file an update of program features in this docket. In this filing, Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, shall describe program changes that do not require Plan modification.

7. Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy shall file its next energy efficiency plan on or before March 31, 2023.



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8. This order constitutes the final decision of the Utilities Board in Docket No. EEP-2018-0004.

**UTILITIES BOARD**

/s/ Geri D. Huser

/s/ Nick Wagner

ATTEST:

/s/ Kelsie Vanderflute

/s/ Richard W. Lozier, Jr.

Dated at Des Moines, Iowa, this 26<sup>th</sup> day of March, 2019.